BRITISH COLUMBIA
The Best Place on Earth

BCStats

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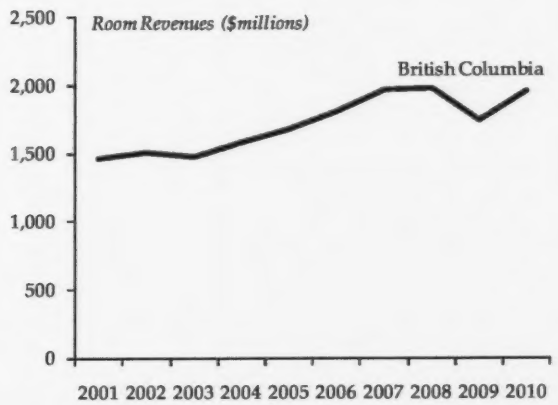
Tourism Indicators 2010: The year in review

Room Revenues[1]

Following a sharp contraction in 2009 (-11.8%), total room revenues in British Columbia surged ahead 12.0% in 2010. However, gains made during 2010 were not distributed uniformly across the province's development regions with a mixed bag of growth rates, some showing a strong rebound, others demonstrating modest expansion and a few showing continued weakness.

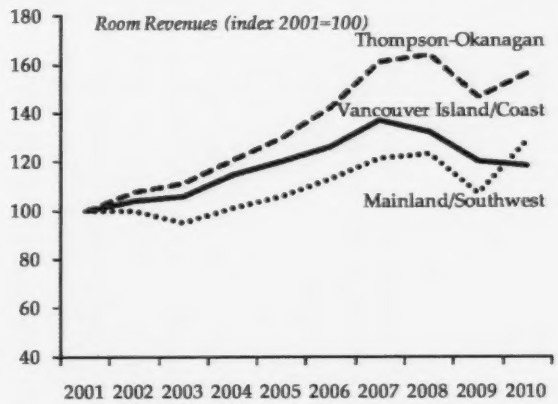
Room revenues rebounded 12.0% between 2009 and 2010



Data Source: BC Stats

For three of the province's development regions, recovery from the previous year's decline was in full swing. In Mainland/Southwest, receipts jumped by one-fifth (+20.0%) in 2010, and both Northeast (+13.3%) and North-coast (+12.3%) also registered strong double-digit gains. Meanwhile, Thompson-Okanagan (+6.5%), Nechako (+5.2%) and Cariboo (+3.7%) all recorded more modest growth in room revenues, recovering at least a portion of the ground lost during the recession in 2009. However, accommodation operators in Kootenay (-3.3%) and Vancouver Island/Coast (-1.0%) saw revenues slide for a third consecutive year.

In 2010, revenues shot higher in Mainland/Southwest, but continued to weaken in Vancouver Island/Coast



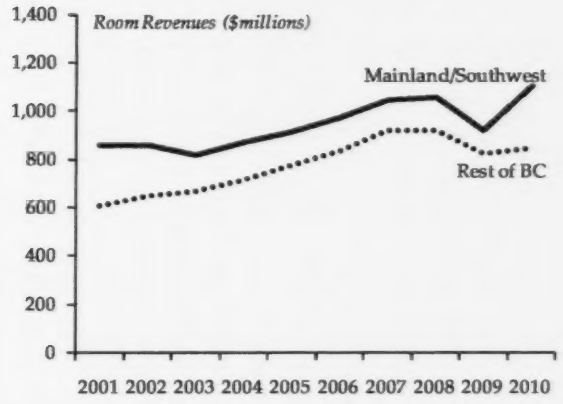
Data Source: BC Stats

Given its role as the population, economic and cultural hub of province, the Mainland/Southwest development region is the major centre for British Columbia's accommodation industry. Over the past decade, Mainland/Southwest has

[1] References to 2010 data are based on the "A look ahead" section of the Tourism Sector Monitor (TSM). These data are considered to be preliminary. Final estimates for 2010 will be available in an upcoming edition of the TSM.

accounted for just over one-half (55%) of all provincial room revenues, a share more than three times bigger than that of the next largest contributing region, Vancouver Island/Coast.

While revenues soared 20.0% in Mainland/Southwest in 2010, the increase in the rest of the province was just 3.1%



Data Source: BC Stats

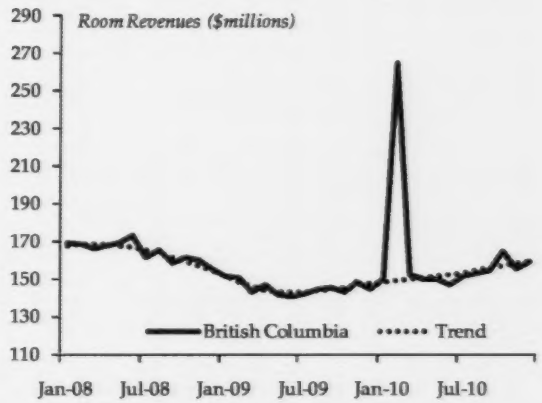
For 2010, the lion's share of the increase was attributable to the surge in room revenues in Mainland/Southwest. Much of the significant rise in revenues earned in Mainland/Southwest was generated in February and therefore associated with the increased demand for accommodation services during the Winter Olympics.

The Olympic Effect on Room Revenues

It is not possible to precisely measure the extent to which the Olympics affected room revenues in 2010. However, trend analysis can be used to "smooth out" the jump in revenues that occurred in February.

Based on this analysis, provincial room revenues would have increased a more modest 5.6%, meaning that roughly half of the growth posted for 2010 was due to the increased revenues generated as a result of hosting the Olympics. In Mainland/Southwest, the region where the Olympics were held, based on the same trend analysis, room revenue growth would have been 7.4%, a significant advance to be sure, but considerably lower than the 20.0% expansion realised as a result of the sharp increase measured in February 2010.

The Olympics held in February 2010 had an enormous effect on room revenues for that year

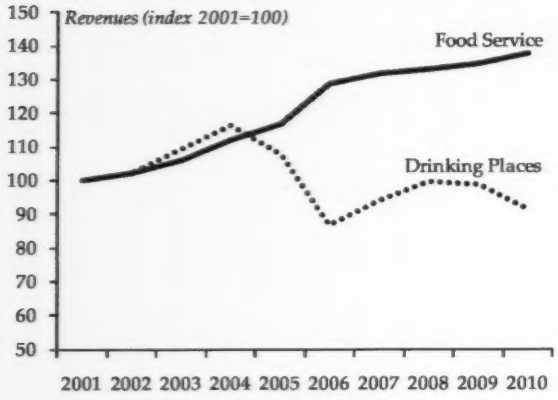


Data Source: BC Stats

Food Service & Drinking Places Revenues

Revenues generated in British Columbia's food service and drinking places industry inched ahead (+1.5%) in 2010. Most (92%) of this industry's revenues were earned by the different food service establishments, which saw receipts rise 2.3%. Drinking places, on the other hand, experienced a considerable drop in revenues (–7.4%).

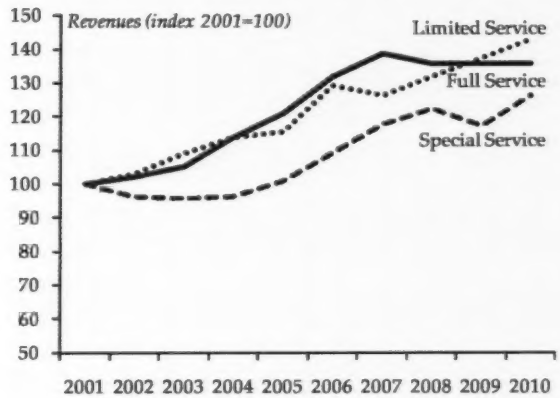
Food service revenues increased 2.3% as drinking places receipts drop 7.4% in 2010



Data Source: Statistics Canada & BC Stats

While overall revenues earned by the province's food service industry were higher in 2010, the various establishment types posted very different levels of revenue growth compared to the previous year. For instance, establishments offering special food services (including food service contractors, caterers and mobile food vendors) registered the largest annual increase in receipts, advancing 7.4% in 2010. Limited service establishments (including fast food restaurants, cafeterias and food bars) posted a 4.3% gain, while revenues earned at full-service restaurants remained virtually unchanged in 2010.

Special and limited service establishments saw revenues advance in 2010, while full service restaurants' receipts remained unchanged

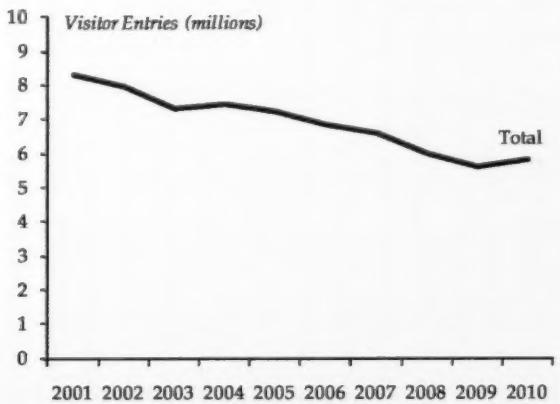


Data Source: Statistics Canada & BC Stats

Visitor Entries

In 2010, the number of international travellers entering Canada via British Columbia increased (+3.5%) for the first time since 2004. From 2001 to 2009, the volume of visitor entries from the US and overseas had dropped by approximately one-third (–32.5%) as many factors, both economic and geo-political, convinced many travellers, particularly those from the United States, to remain at home.

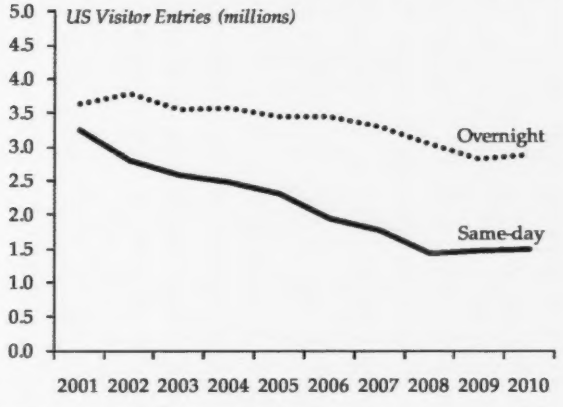
Visitor entries via BC rose for the first time in six years, increasing 3.5% in 2010



Data Source: Statistics Canada & BC Stats

Most of the decline in visitor entries over the last decade can be attributed to a drop in the number of travellers arriving in BC from the United States. Between 2001 and 2009, US entries dropped by more than one-third (–37.7%) with overnight stays sliding back nearly one-quarter (–22.2%) and same-day visits falling by more than one-half (–55.0%). In 2010, however, the number of American travellers arriving in British Columbia inched ahead 1.8% with slight increases in both same-day (+1.7%) and overnight (+1.9%) trips.

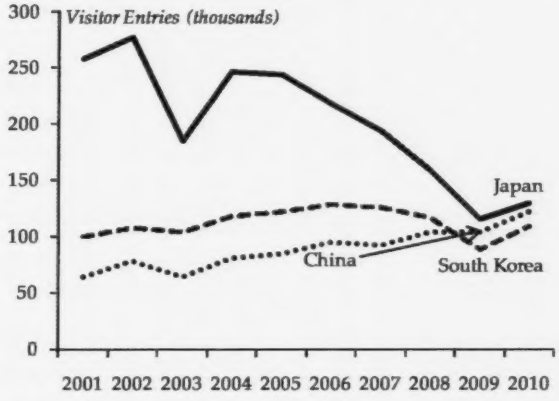
Same-day and overnight stays both increased, pushing total US entries slightly higher in 2010



Data Source: Statistics Canada & BC Stats

After contracting sharply in 2009 (–13.2%), visitor entries from the rest of North America and overseas (Europe, Asia, Oceania, Africa and South America) leaped ahead 9.1% in 2010. Much of this increase can be credited to a jump (+10.4%) in the number of people visiting from Asian countries after four straight annual declines. South Korean (+23.6%), Chinese (+17.5%) and Japanese (+11.8%) travellers all arrived in much higher numbers compared to the previous year.

The number of visits from Japan, China and South Korea all rose sharply in 2010

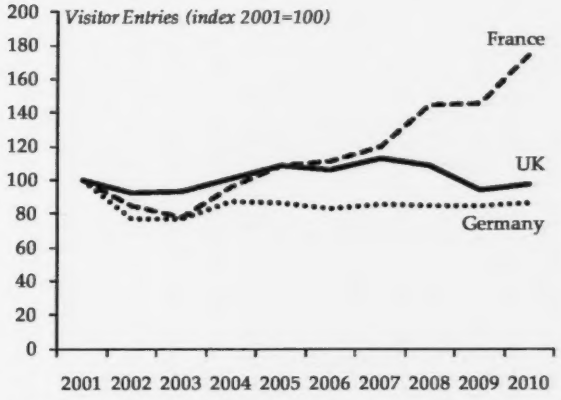


Data Source: Statistics Canada & BC Stats

The number of visits from Hong Kong inched ahead (+1.0%) in 2010, while entries from Taiwan continued to sink (–7.2%) for a sixth consecutive year.

While not quite as numerous as Asian travellers, the volume of European entries to BC also swung higher (+8.7%) in 2010 after a sharp drop in 2009. Historically, European entries are mainly driven by travel from the United Kingdom. On average, between 2001 to 2010, nearly half (47%) of all travel to BC from Europe was from the UK. In 2010, travel from the UK increased 3.6% following a substantial drop (–12.9%) a year earlier. Entries from France jumped by roughly one-fifth (+19.9%), while the number of German arrivals was only slightly higher (+2.8%).

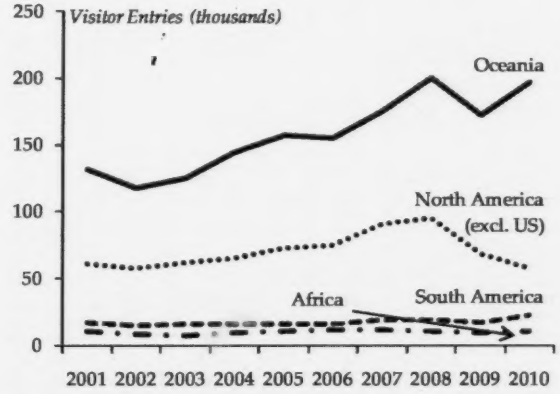
In 2010, entries from France rose 19.9%, while UK and German visits had modest increases



Data Source: Statistics Canada & BC Stats

Just 5% of total international travel to Canada via British Columbia comes from countries outside the US, Asia and Europe. Oceania (Australia, New Zealand and the South Pacific) accounts for over two-thirds of these travellers, with the largest proportion coming from Australia. Compared to the previous year, travel from Oceania rose 14.1% in 2010, largely due to a 14.8% increase in the number of Australian visits. Non-US entries from North America (including Mexico, Central America and the Caribbean) continued to slide for a second consecutive year (-15.7%), mainly due to a drop in the number of arrivals from Mexico (-18.4%). International travel from South America increased 29.6%, while African visits rose 8.7%.

Entries from Oceania increased 14.1% in 2010, while non-US arrivals from North America continued its sharp decline



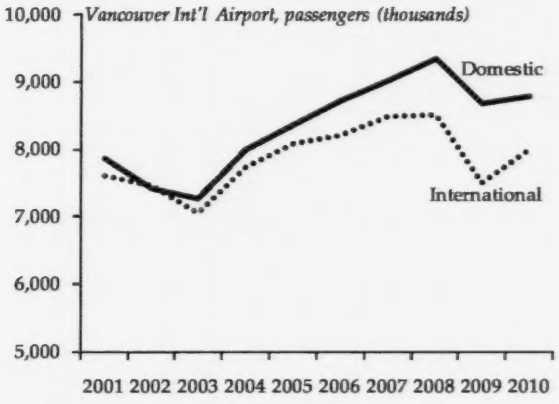
Data Source: Statistics Canada & BC Stats

Transportation

Passenger traffic at Vancouver International Airport rebounded (+3.7%) in 2010 following a significant drop (-9.4%) in volume posted for 2009. While the number of domestic passengers rose slightly (+1.2%), most of the increase in traffic at YVR was due to a jump (+6.6%) in the number of international travellers. Compared to one year earlier, passenger counts from the US (+7.4%) and overseas (+5.8%) were both markedly higher in 2010.

At Victoria International Airport, the total number of arrivals and departures dipped for a second consecutive year, slipping 1.2% in 2010.

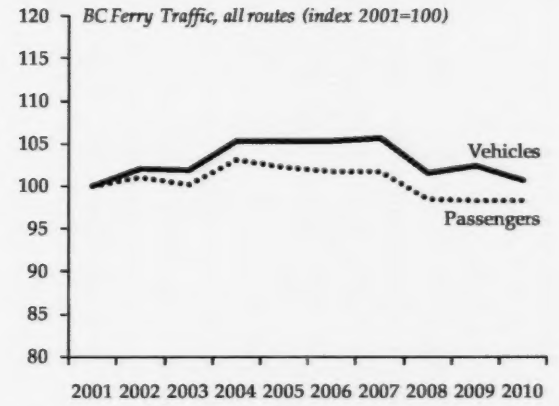
In 2010, both domestic and international traffic rose after suffering slowdowns a year earlier



Data Source: Vancouver Airport Authority

The number of passengers travelling on BC Ferries remained virtually unchanged in 2010, marking the sixth straight year where passenger volume failed to grow. Vehicle counts slipped 1.6% between 2009 and 2010.

Passenger counts at BC Ferries remained unchanged, while vehicle traffic dipped in 2010



Data Source: Vancouver Airport Authority

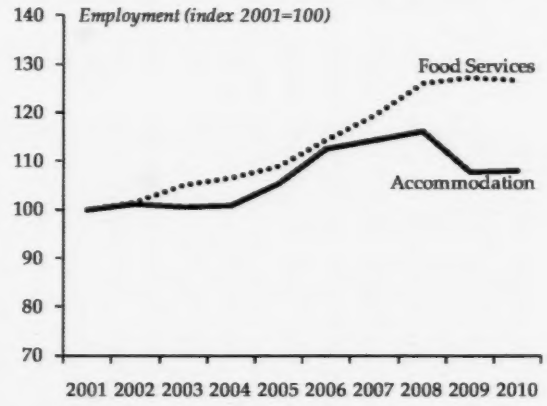
Employment[2,3]

Employment in some of the industries closely associated with the tourism industry was generally weaker between 2009 and 2010.

The number of jobs in the food-service industry dipped 0.5% in 2010, the first decline in employment registered by the food services industry since 1994.

In 2009, employment in the accommodation industry dropped sharply (-7.3%), rolling back the number of jobs in accommodation to 2005 levels. With the arrival of 2010, however, employment in accommodation inched ahead (+0.2%).

Employment in the accommodation inched higher as the number of jobs in the food services edged lower in 2010



Data Source: Statistics Canada

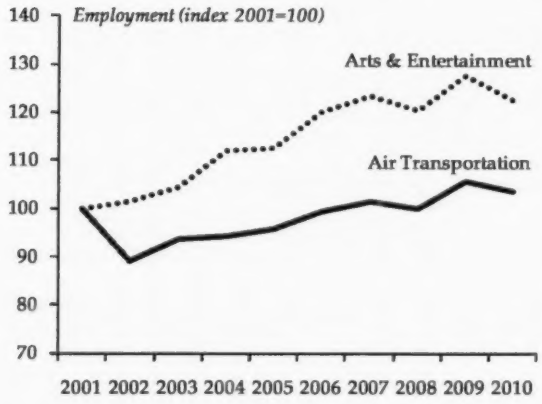
Arts & entertainment (-1%) and air transportation (-1.8%) employment slumped in

[2] Employment figures in this section are based on the Survey of Employment, Payroll and Hours (SEPH), conducted by Statistics Canada. SEPH data are based on a census of administrative records for all establishments with employees. Due to the nature of this survey those who are self-employed are not included in the resulting SEPH generated statistics.

[3] These data refer only to employment in key tourism-related industries; BC Stats will release its employment figures based on tourism-related activities later in the year.

2010 after both industries expanded employment in the previous year.

The air transportation and arts & entertainment industries shed part of their workforces in 2010



Data Source: Statistics Canada